



May 16, 2013

The Honorable Dave Camp
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

The Honorable Fred Upton
Chairman
Committee on Energy Commerce
United States House of Representatives
Washington, D.C. 20515

RE: SGR Repeal and Reform Proposal: Medicare Payment Locality Update

Dear Chairmen Camp and Upton:

The Marin Medical Society (MMS) is writing to urge you to include an update of the California Medicare payment localities in the Medicare SGR reform legislation. These Medicare payment localities are outdated and have created serious problems with access to care in Marin County.

Because Medicare has failed to update the physician payment localities, physicians in Marin County are underpaid by 6% each year, which translates to almost \$2.9 million in underpayments annually. Our underpayment rate is the second highest in California.

Marin is one of the most expensive counties in California, with astronomic home prices and a high cost of living. The cost of providing medical services is also quite high, yet Medicare reimbursements lag far behind.

This disconnect between costs and reimbursements has greatly affected access to care for Medicare patients in Marin County. A recent survey conducted by MMS found that 27% of local physicians planned to limit or eliminate Medicare from their practices, and that more than one-fourth planned to move or retire over the next five years. More than half cited low reimbursements and high costs as the main impetus for moving or retiring. In addition, local practices have encountered chronic difficulties in recruiting new physicians. Again, the most oft-cited reasons are low reimbursements and high costs.

MMS supports the CALIFORNIA PILOT PROPOSAL being forwarded by Congressmen Darrell Issa (R-San Diego) and Sam Farr (D-Santa Cruz/Monterey) and supported by the California Medical Association. This proposal would update the Medicare payment regions to Metropolitan Statistical Areas (MSAs), as recommended by the IOM, GAO and MedPAC.

Medicare pays and organizes hospitals according to MSAs, and the MSAs are updated annually. The pilot proposal would hold rural counties harmless from cuts for five years. The hold harmless is funded with California Medicaid savings in Alameda County, so it does not impact the federal budget or any other state.

After five years, the localities would revert back to the current locality configuration to avoid cuts to rural physicians. At that time, Congress can assess the California pilot and reform the geographic payment system as step two in the overall Medicare SGR payment reform effort.

Thank you for your interest in this important issue. This proposal will help to address the significant access to care problems that Medicare patients are facing in Marin County and throughout California.

Sincerely,

A handwritten signature in black ink, appearing to read 'Irina deFischer', followed by a horizontal line.

Irina deFischer, MD
MMS President